

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

Date: JUL 14 1936

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(4) of the Internal Revenue Code.

The evidence presented disclosed that your were incorporated on [REDACTED] under the [REDACTED] Non-Profit Corporation Act ([REDACTED]).

The purposes for which the corporation was formed are as follows:

"...for the betterment of living conditions, health, safety and social conditions and to ~~and to a~~ create more workable relationship with management."

"Our main work is to act as liason between tenant and landlord (management) and to educate our members as to their rights as tenants."

Your activities consist of holding fund raising events (such as flea markets, bake sales pot-luck suppers, etc.) and printing and distributing apartment complex flyers informing tenants of local and managerial events.

According to the financial information submitted with your application 1024, you derive your income from fund raising events, block grants and mayor's special funds.

Section 501(c)(4) of the Internal Revenue Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it primarily engages in promoting in some way the common good and general welfare of the people of the community.

The concept of social welfare implies a service or program directed at benefitting the community rather than a private group of individuals.

Your organization was formed as a non profit corporation to promote the common interest of tenants who reside in a particular apartment complex. Any person regularly living in the complex is eligible for membership.

Number 2 of your By-Laws indicate that the duties of the corporation's president includes: "...aid in the education of said tenants as to tenants' rights; and act as a negotiator between tenant and landlord concerning tenant-landlord dispute."

Commissioner v. Lake Forest, Inc., 305 F.2d 814 (4th Cir. 1962) states in order for an organization to qualify for tax exemption under 501(c)(4) of the code as a civic league or social welfare organization it should offer a service or a program for the direct betterment or improvement of the community as a whole and its benefits should be municipal or public in their nature. Inherent in the concept of social welfare is benefitting the community as a whole rather than benefitting a private group of individuals.

In Revenue Ruling 73-306, 1973-2C.B. 185 a non profit organization formed to represent member-tenants of an apartment complex in negotiations with landlords, in litigation, and before local and Federal regulatory agencies with respect to matters of mutual concern to the tenants was found not to qualify for exemption under section 501(c)(4) of the Code. The organization in this instance was formed to promote the common interest of tenants who reside in an apartment complex. Their activities included representing its member-tenants in negotiations with the management of the complex, in order to secure better maintenance and services and to secure reasonable rentals. As the organization was operated essentially for the private benefit of its members instead of being primarily engaged in promoting in some way the common good and general welfare of the people of the community.

Your corporation is primarily organized for the benefit of a private group of individuals, the tenants of [REDACTED], rather than being primarily engaged in activities for the direct betterment or improvement of the community as a whole.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(4) of the code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

[S]

District Director

Enclosure: Publication 892